

August 23, 2002

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2d Floor
Boston, MA 02110

RE: D.T.E. 01-105; KeySpan Energy Delivery New England

Dear Ms. Cottrell:

The Massachusetts Division of Energy Resources ("DOER") filed its Initial Brief in the above-referenced case on August 9, 2002. DOER is submitting its Reply Brief by means of this letter, as the issues are limited. In so doing, DOER incorporates by reference the arguments and recommendations submitted to the Department in its Initial Brief, as if fully set forth herein.

I. KeySpan Must Refine Its Sendout Capability Analysis

A reading of KeySpan's Initial Brief demonstrates that KeySpan fails to recognize a flaw in its methodology for sendout capability. While KeySpan acknowledges that it failed to identify the need for additional incremental peak-day resources for the winter of 2002 – 2003 (Tr. Vol. 1 at 56, 61; KeySpan Initial Brief at 35¹), KeySpan continues to insist that its methodology is sufficient to ensure "a necessary energy supply for the Commonwealth with a minimum impact on the environment at the lowest possible cost." G.L. c. 164, § 69I.

KeySpan also asserts that it will not need additional capacity until the winter of 2003 – 2004 under its HIGH DEMAND CASE scenario; KeySpan Initial Brief at 37. DOER must disagree with KeySpan's assessment, as it has already

¹ "To ensure the delivery of needed supplies on the peak day, however, the Company will need to obtain additional capacity during the forecast period." See also page 38, footnote 27.

been established that there will be a need for additional capacity under the HUBLINE DELAY CASE scenario, which per force, will create a greater need for capacity under high demand conditions; Tr. Vol. 1 at 61 – 62, 76.

DOER recommends, in light of this limitation in KeySpan's analysis and the facts and circumstances concerning Hubline service,² that the Department require KeySpan to employ a design day sendout capability methodology that incorporates an analysis by division and by upstream pipeline capacity,³ for this Supply Plan and for future supply plans.

Sincerely,

Carol R. Wasserman
Deputy General Counsel
Massachusetts Division of Energy Resources

cc: Service List

² DOER agrees that the delay in Hubline service, certainly not under KeySpan's control, has made planning more difficult. Notwithstanding, the purpose of a long range forecast and resource plan is precisely to plan for such contingencies in supply.

³ This should include a sendout capability analysis similar to the one KeySpan submitted in D.T.E. 02-18; see Exhs. TEP – 3 and TEP – 4.